

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

In re: Reza Athari & Associates, P.L.L.C.

Case No. 14-10724-abl

CHAPTER 11
MONTHLY OPERATING REPORT
(GENERAL BUSINESS CASE)

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 7/31/14PETITION DATE: 02/02/14

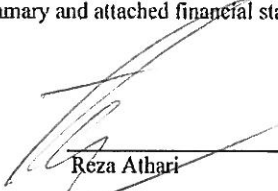
1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here X the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).
Dollars reported in \$1

	End of Current Month	End of Prior Month	As of Petition Filing
2. Asset and Liability Structure			
a. Current Assets	\$285,137	\$242,303	
b. Total Assets	\$364,077	\$307,003	\$64,700
c. Current Liabilities	\$109,321	\$56,791	
d. Total Liabilities	\$1,064,184	\$1,011,654	\$751,238
3. Statement of Cash Receipts & Disbursements for Month	Current Month	Prior Month	Cumulative (Case to Date)
a. Total Receipts	\$347,279	\$215,907	\$1,475,186
b. Total Disbursements	\$304,445	\$178,131	\$1,205,312
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	\$42,834	\$37,776	\$269,874
d. Cash Balance Beginning of Month	\$242,103	\$204,327	\$15,063
e. Cash Balance End of Month (c + d)	\$284,937	\$242,103	\$284,937
4. Profit/(Loss) from the Statement of Operations	Current Month	Prior Month	Cumulative (Case to Date)
	\$4,544	\$18,321	\$155,290
5. Account Receivables (Pre and Post Petition)	\$0	\$0	
6. Post-Petition Liabilities	\$109,321	\$56,791	
7. Past Due Post-Petition Account Payables (over 30 days)	\$0	\$0	

At the end of this reporting month:

- | | Yes | No |
|--|----------|----------|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | | <u>X</u> |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee) | | <u>X</u> |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court? | | |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee) | | <u>X</u> |
| 12. Is the estate insured for replacement cost of assets and for general liability? | <u>X</u> | |
| 13. Are a plan and disclosure statement on file? | <u>X</u> | |
| 14. Any post-petition borrowing during this reporting period? (See Due to Affiliates) | <u>X</u> | |
15. Check if paid: Post-petition taxes X; U.S. Trustee Quarterly Fees X; Check if filing is current for: Post-petition tax reporting and tax returns: X.
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 8/19/14

 Reza Athari

STATEMENT OF OPERATIONS
(General Business Case)

For the Month Ended 07/31/14

Current Month				Cumulative (Case to Date)	Next Month Forecast
Actual	Forecast	Variance			
\$316,903	\$296,000	\$20,903	Revenues:		
\$10,861	\$10,300	\$561	1 Gross Sales	\$1,473,493	\$262,000
\$306,042	\$285,700	\$20,342	2 less: Sales Returns & Allowances	\$65,449	\$11,000
\$0	\$0	\$0	3 Net Sales	\$1,408,044	\$251,000
\$306,042	\$285,700	\$20,342	4 less: Cost of Goods Sold (Schedule 'B')	\$0	\$0
\$57	\$40	\$17	5 Gross Profit	\$1,408,044	\$251,000
\$316	\$500	(\$184)	6 Interest	\$187	\$60
			7 Other Income: <u>COLLECTIONS</u>	\$4,766	\$300
			8		
			9		
\$306,415	\$286,240	\$20,175	10 Total Revenues	\$1,412,997	\$251,360
\$0	\$0	\$0	Expenses:		
\$0	\$0	\$0	11 Compensation to Owner(s)/Officer(s)	\$0	\$0
\$0	\$0	\$0	12 Salaries	\$0	\$0
\$0	\$0	\$0	13 Commissions	\$0	\$0
\$0	\$0	\$0	14 Contract Labor	\$127	\$0
\$200	\$200	\$0	Rent/Lease:		
\$10,668	\$10,668	(\$0)	15 Personal Property	\$1,400	\$200
\$10,512	\$5,000	\$5,512	16 Real Property	\$64,007	\$10,668
\$0	\$0	\$0	17 Insurance	\$48,668	\$0
\$998	\$998	\$0	18 Management Fees	\$0	\$0
			19 Depreciation	\$5,992	\$998
\$2,632	\$2,000	\$632	Taxes:		
\$0	\$0	\$0	20 Employer Payroll Taxes	\$4,685	\$0
\$142	\$0	\$142	21 Real Property Taxes	\$138	\$0
\$0	\$0	\$0	22 Other Taxes	\$165	\$0
\$11,097	\$6,000	\$5,097	23 Other Selling	\$0	\$0
\$152	\$200	(\$48)	24 Other Administrative	\$39,307	\$11,000
\$42,240	\$45,000	(\$2,760)	25 Interest	\$960	\$150
\$830	\$1,500	(\$670)	26 Other Expenses: <u>ADVERTISING</u>	\$274,776	\$42,000
\$465	\$200	\$265	27 <u>AUTOMOBILE</u>	\$6,952	\$800
\$191,190	\$130,000	\$61,190	28 <u>EDUCATION</u>	\$4,323	\$500
\$1,316	\$1,500	(\$184)	29 <u>EMPLOYEE LEASING</u>	\$698,589	\$175,000
\$2,145	\$500	\$1,645	30 <u>MERCHANT FEES</u>	\$8,959	\$1,300
\$1,800	\$0	\$1,800	31 <u>MISCELLANEOUS</u>	\$13,683	\$2,000
\$24,658	\$1,000	\$23,658	32 <u>PROFESSIONAL FEES</u>	\$3,625	\$1,800
\$580	\$3,500	(\$2,920)	33 <u>REFERENCE MATERIAL</u>	\$56,736	\$1,000
\$247	\$200	\$47	34 <u>TELEPHONE</u>	\$18,330	\$600
			35 <u>UTILITIES</u>	\$1,735	\$300
\$301,871	\$208,466	\$93,405	36 Total Expenses	\$1,253,157	\$248,316
\$4,544	\$77,774	(\$73,230)	37 Subtotal	\$159,840	\$3,044
\$0	\$0	\$0	38 Reorganization Items:	\$0	\$0
\$0	\$0	\$0	39 Provisions for Rejected Executory Contracts	\$0	\$0
\$0	\$0	\$0	40 Interest Earned on Accumulated Cash from Resulting Chp 11 Case	\$0	\$0
\$0	\$0	\$0	41 Gain or (Loss) from Sale of Equipment	\$0	\$0
\$0	\$0	\$0	42 U.S. Trustee Quarterly Fees	\$4,550	\$0
\$0	\$0	\$0	43		
\$0	\$0	\$0	44 Total Reorganization Items	\$4,550	\$0
\$4,544	\$77,774	(\$73,230)	45 Net Profit (Loss) Before Federal & State Taxes	\$155,290	\$3,044
\$0	\$0	\$0	46 Federal & State Income Taxes	\$0	\$0
\$4,544	\$77,774	(\$73,230)	47 Net Profit (Loss)	\$155,290	\$3,044

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

BALANCE SHEET
(General Business Case)
For the Month Ended 07/31/14

AssetsFrom SchedulesMarket Value**Current Assets**

1	Cash and cash equivalents - unrestricted		\$284,937
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	\$0
4	Inventory	B	\$0
5	Prepaid expenses		
6	Professional retainers		
7	Other: PETTY CASH		\$200
8			
9	Total Current Assets		\$285,137

Property and Equipment (Market Value)

10	Real property	C	\$1,200
11	Machinery and equipment	D	\$0
12	Furniture and fixtures	D	\$8,000
13	Office equipment	D	\$0
14	Leasehold improvements	D	\$0
15	Vehicles	D	\$69,740
16	Other: _____	D	
17	_____	D	
18	_____	D	
19	_____	D	
20	_____	D	
21	Total Property and Equipment		\$78,940

Other Assets

22	Loans to shareholders		
23	Loans to affiliates		
24	_____		
25	_____		
26	_____		
27	_____		
28	Total Other Assets		\$0
29	Total Assets		\$364,077

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

Liabilities and Equity
(General Business Case)

Liabilities From Schedules

Post-Petition

Current Liabilities

30	Salaries and wages		
31	Payroll taxes		
32	Real and personal property taxes		
33	Income taxes		
34	Sales taxes		
35	Notes payable (short term)		
36	Accounts payable (trade)	A	\$0
37	Real property lease arrearage		
38	Personal property lease arrearage		
39	Accrued professional fees		
40	Current portion of long-term post-petition debt (due within 12 months)		
41	Other: CREDIT CARDS		\$33
42	CLIENT DEPOSITS		\$25,430
43	DUE TO AFFILIATES		\$83,858
44	Total Current Liabilities		\$109,321
45	Long-Term Post-Petition Debt, Net of Current Portion		
46	Total Post-Petition Liabilities		\$109,321

Pre-Petition Liabilities (allowed amount)

47	Secured claims	F	\$44,747
48	Priority unsecured claims	F	\$0
49	General unsecured claims	F	\$910,116
50	Total Pre-Petition Liabilities		\$954,863
51	Total Liabilities		\$1,064,184

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing		(\$856,397)
53	Capital Stock		\$1,000
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		\$155,290
56	Post-petition contributions/(distributions) or (draws)		
57			
58	Market value adjustment		
59	Total Equity (Deficit)		(\$700,107)
60	Total Liabilities and Equity (Deficit)		\$364,077

Schedule C
Real Property

Description	<u>Cost</u>	<u>Market Value</u>
BOOKS	\$1,200	\$1,200
Total	\$1,200	\$1,200

Schedule D
Other Depreciable Assets

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	\$0	\$0
Furniture & Fixtures -		
OFFICE FURNITURE	\$14,680	\$8,000
SIGN	\$3,500	\$0
Total	\$18,180	\$8,000
Office Equipment -		
OFFICE EQUIPMENT	\$69,725	\$0
Total	\$69,725	\$0
Leasehold Improvements -		
LEASEHOLD IMPROVEMENTS	\$412,649	\$0
Total	\$412,649	\$0
Vehicles -		
VEHICLES	\$130,683	\$69,740
Total	\$130,683	\$69,740

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

Taxes Payable	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
Federal					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
Total Federal Taxes	\$0	\$0	\$0	\$0	\$0
State and Local					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	\$0	\$0	\$0	\$0	\$0
Total Taxes	\$0	\$0	\$0	\$0	\$0

Schedule F
Pre-Petition Liabilities

List Total Claims For Each Classification -	Claimed Amount	Allowed Amount (b)
Secured claims (a)	\$44,747	
Priority claims other than taxes		
Priority tax claims		
General unsecured claims	\$910,116	

- (a) List total amount of claims even if under secured.
- (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information
Not applicable to General Business Cases

Schedule H
Recapitulation of Funds Held at End of Month

	Account 1	Account 2	Account 3	Account 4
Bank	BDCU	BDCU	BDCU	BDCU
Account Type	CHECKING	SAVINGS	CHECKING	SAVINGS
Account No.				
Account Purpose	BUSINESS	BUSINESS	BUSINESS	BUSINESS
Balance, End of Month	\$95,822	\$189,810	(\$728)	\$32
Total Funds on Hand for all Accounts	\$284,937			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 07/31/14

	Actual Current Month	Cumulative (Case to Date)
Cash Receipts		
1 Rent/Leases Collected		
2 Cash Received from Sales	\$306,358	\$1,412,813
3 Interest Received	\$57	\$187
4 Borrowings		
5 Funds from Shareholders, Partners, or Other Insiders		
6 Capital Contributions		
7 CLIENT DEPOSITS RECEIVED	\$4,799	\$25,429
8 DUE TO AFFILIATES	\$36,065	\$36,757
9		
#		
#		
# Total Cash Receipts	\$347,279	\$1,475,186
Cash Disbursements		
# Payments for Inventory		
# Selling		
# Administrative	\$11,097	\$39,307
# Capital Expenditures	\$14,240	\$14,240
# Principal Payments on Debt	\$0	\$2,558
# Interest Paid	\$152	\$960
Rent/Lease:		
# Personal Property	\$200	\$1,400
# Real Property		
Amount Paid to Owner(s)/Officer(s)		
# Salaries		
# Draws		
# Commissions/Royalties		
# Expense Reimbursements		
# Other		
# Salaries/Commissions (less employee withholding)		
# Management Fees		
Taxes:		
# Employee Withholding		
# Employer Payroll Taxes	\$0	\$2,053
# Real Property Taxes	\$2,632	\$2,770
# Other Taxes	\$142	\$165
# Other Cash Outflows:		
# ADVERTISING	\$42,240	\$274,776
# AUTOMOBILE	\$830	\$6,952
# BANKRUPTCY FEES	\$0	\$4,550
# CONTRACT LABOR	\$0	\$127
# DUE FROM AFFILIATES	\$0	\$0
# EDUCATION	\$465	\$4,323
# EMPLOYEE LEASING	\$191,190	\$699,395
# INSURANCE	\$10,512	\$48,668
# MERCHANT FEES	\$1,316	\$8,959
# MISCELLANEOUS	\$2,145	\$13,683
# PROFESSIONAL FEES	\$1,800	\$3,625
# REFERENCE MATERIAL	\$24,658	\$56,736
# TELEPHONE	\$580	\$18,330
# UTILITIES	\$247	\$1,735
# Total Cash Disbursements:	\$304,445	\$1,205,312
# Net Increase (Decrease) in Cash	\$42,834	\$269,874
# Cash Balance, Beginning of Period	\$242,103	\$15,063
# Cash Balance, End of Period	\$284,937	\$284,937

STATEMENT OF CASH FLOWS
 (Optional) Increase/(Decrease) in Cash and Cash Equivalents
 For the Month Ended 07/31/14

	<u>Actual</u> <u>Current Month</u>	<u>Cumulative</u> <u>(Case to Date)</u>
Cash Flows From Operating Activities		
1 Cash Received from Sales		
2 Rent/Leases Collected		
3 Interest Received		
4 Cash Paid to Suppliers		
5 Cash Paid for Selling Expenses		
6 Cash Paid for Administrative Expenses		
Cash Paid for Rents/Leases:		
7 Personal Property		
8 Real Property		
9 Cash Paid for Interest		
10 Cash Paid for Net Payroll and Benefits		
Cash Paid to Owner(s)/Officer(s)		
11 Salaries		
12 Draws		
13 Commissions/Royalties		
14 Expense Reimbursements		
15 Other		
Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16 Employer Payroll Tax		
17 Employee Withholdings		
18 Real Property Taxes		
19 Other Taxes		
20 Cash Paid for General Expenses		
21		
22		
23		
24		
25		
26		
27 Net Cash Provided (Used) by Operating Activities before Reorganization Items	\$0	\$0
Cash Flows From Reorganization Items		
28 Interest Received on Cash Accumulated Due to Chp 11 Case		
29 Professional Fees Paid for Services in Connection with Chp 11 Case		
30 U.S. Trustee Quarterly Fees		
31		
32 Net Cash Provided (Used) by Reorganization Items	\$0	\$0
33 Net Cash Provided (Used) for Operating Activities and Reorganization Items	\$0	\$0
Cash Flows From Investing Activities		
34 Capital Expenditures		
35 Proceeds from Sales of Capital Goods due to Chp 11 Case		
36		
37 Net Cash Provided (Used) by Investing Activities	\$0	\$0
Cash Flows From Financing Activities		
38 Net Borrowings (Except Insiders)		
39 Net Borrowings from Shareholders, Partners, or Other Insiders		
40 Capital Contributions		
41 Principal Payments		
42		
43 Net Cash Provided (Used) by Financing Activities	\$0	\$0
44 Net Increase (Decrease) in Cash and Cash Equivalents	\$0	\$0
45 Cash and Cash Equivalents at Beginning of Month		
46 Cash and Cash Equivalents at End of Month	\$0	\$0